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MEMORANDUM OF UNDERSTANDING
(San Francisco New Main Library/Foundation)

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") dated as of February 96 is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal ration, ("City"), acting by and through the San Francisco Public Library, and the ARY FOUNDATION OF SAN FRANCISCO, a California non-profit public benefit ration (the "Foundation").

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non-profit 501(c)(3) corporation devoted to planning for, a new main library for the City of San Francisco. The n to raise moneys to provide support on an ongoing basis for an Francisco Public Library System, not just the new main library.

C. The Foundation is willing to agree to provide the San Francisco Public Library an assurance of supplemental funding availability for particular Library projects. These ng grants would enhance Library services, programs, materials and capital projects but are ntended to replace funding the City traditionally provides to the San Francisco Public ry.

D. In connection with such funding assurance, the Foundation proposes to lease and age certain space in the Building. Specifically, the Foundation desires to lease certain office e in the Building for Library-related purposes. The Foundation also offers to provide events agement services for revenue-producing receptions, lectures and other special events.

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MEMORANDUM OF UNDERSTANDING
(San Francisco New Main Library/Foundation)

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") dated as of February 23, 1996 is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, ("City"), acting by and through the San Francisco Public Library, and the LIBRARY FOUNDATION OF SAN FRANCISCO, a California non-profit public benefit corporation (the "Foundation").

THIS MOU IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

A. The City is constructing a new Main Library building (the "Building") in the Civic Center, which is anticipated to open on April 16, 1996. The City Library Commission will have jurisdiction over the Building and will be responsible for its operation. The Building, consisting of a total of approximately 387,000 square feet, includes space for offices, a gift store, and special centers. On the Lower Level of the Building there is a separately accessible communications center, containing a cafe and catering space, a 260-seat auditorium and meeting rooms. In addition to providing a forum for the free public presentations traditionally held in the Main Library, portions of the auditorium, meeting rooms and special centers may be used during the Building's regular hours for lectures, presentations and other Library-related events for which an admission fee could be charged, so long as there is no conflict with Library uses of such space. Those parts of the Building, together with the main atrium gallery and roof garden, may also be rented out for private receptions and other events after regular hours.

B. The Foundation is a non-profit 501(c)(3) corporation devoted to planning for, designing, building and equipping a new main library for the City of San Francisco. The Foundation is expanding its mission to raise moneys to provide support on an ongoing basis for the San Francisco Public Library System, not just the new main library.

C. The Foundation is willing to agree to provide the San Francisco Public Library with an assurance of supplemental funding availability for particular Library projects. These funding grants would enhance Library services, programs, materials and capital projects but are not intended to replace funding the City traditionally provides to the San Francisco Public Library.

D. In connection with such funding assurance, the Foundation proposes to lease and manage certain space in the Building. Specifically, the Foundation desires to lease certain office space in the Building for Library-related purposes. The Foundation also offers to provide events management services for revenue-producing receptions, lectures and other special events.

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E. The Library is willing to agree to such lease and events management agreement and has determined that such agreements are in the public interest by (i) enabling the Foundation to perform certain services in furtherance of the public purposes of the San Francisco Public Library, (ii) facilitating the Foundation's efforts to raise private funds to help augment City funding for Library Department projects, and (iii) generating revenues for the Library from certain uses of the Building that are consistent with the public purposes for which the City constructed the new Building.

F. The City and the Foundation desire to set forth their understanding of the essential terms and conditions upon which they are willing to proceed with such transactions and assurances, and to express their mutual support for the endeavors described herein.

ACCORDINGLY, the City and the Foundation agree and express their intent to act and cooperate as follows:

1. SUPPLEMENTAL FUNDING AVAILABILITY

1.1. Assurance of Supplemental Funding Availability by Foundation. The Foundation shall use its best efforts to raise private funds for the San Francisco Public Library for the purposes of (i) establishing a San Francisco Public Library endowment fund to generate revenues that may supplement City appropriations for Library functions, including, but not limited to, operation of special programs, acquisition of special book and other collections, procurement of special equipment and satisfaction of other particular capital needs, (ii) providing funds to augment City funding for major capital improvement projects benefiting the San Francisco Public Library, including, but not limited to, expansion of branch libraries, and (iii) otherwise providing funds to enhance City funding for particular programs, operations and services of the San Francisco Public Library. The parties recognize and agree that such fundraising by the Foundation shall be focused principally on projects that need assurance of supplemental funding for a period of more than one year. Such fundraising is intended to enhance the San Francisco Public Library and not to replace traditional sources or levels of City funding. The Foundation shall make such funds available to the Library Department in accordance with the process set forth below. The Foundation guarantees that its annual contribution to the Library will equal or exceed $300,000 plus the amount specified in Section 2.1.4 below.

1.1.1. Term of Assurance. The Foundation's assurance of supplemental funding availability shall commence upon the effective date of this MOU and expire on June 30, 1999. This MOU shall become effective upon full execution and delivery hereof and approval of this MOU by the City's Board of Supervisors and Mayor. The term of the funding commitment shall continue after June 30, 1999 on a year-to-year basis, subject to the right of the Foundation or the City to terminate such commitment upon not less than 90 days' advance written notice to the other party.

1.1.2. Library Proposal for Supplemental Funding. At any time and from time to time during the term of the funding assurance, the City Librarian may develop and furnish to the Foundation a written proposal or proposals for funding for any of the purposes set forth in Section 1.1 above. As soon as practicable after receipt of each such proposal from the City Librarian, but in no event later than forty-five (45) days after receipt, the Foundation shall complete its review of the proposal and notify the City Librarian in writing of the Foundation's determination of whether it is willing to fund such program or programs and any special conditions to funding. The Foundation may agree to fund less than the full amount requested in the Library proposal. To the extent that the Foundation elects not to fund a project contained in a proposal or to fund less than the amount requested by the City Librarian, the Foundation's notice shall include a summary of the reasons for such determination and, if appropriate, a statement of how the City Librarian could modify the proposal to obtain funding. The City Librarian and the Foundation shall negotiate and consult in a good faith effort to reach agreement on supplemental funding terms and conditions.

1.1.3. Foundation Funding Commitment. The Foundation's approval of supplemental funding in the notice of determination shall be based on then existing cash and other assets held by the Foundation. The Foundation and the City Librarian shall agree on the terms and conditions upon which funds shall be disbursed to pay for approved programs. Such agreements shall be subject to the approval of the City Controller where necessary for the certification of City contracts under the City's Charter. As a general principle, the Foundation and the City Librarian shall attempt to agree upon a reasonable payment schedule for each approved project, provided that the City Librarian shall periodically, but not less frequently than quarterly, submit invoices and other documentation of expenditures of Foundation grants for such project. The Foundation shall grant such funds to the Library or pay such costs directly to the vendor, as agreed upon by the Foundation and City Librarian. In the event the Foundation advances funds to the Library instead of providing moneys on a reimbursement basis, the Foundation shall have the right to audit City records to confirm proper expenditure of such funds.

1.1.4. Additional MOU's for Capital Projects. In the event that the Foundation approves a City proposal for supplemental funding for a major Library capital project, the City and the Foundation shall enter into additional operating memoranda of understanding to set forth the particular terms and conditions upon which the Foundation will provide funds for such

project. Such MOU's shall be subject to the City Charter's fiscal and budgetary provisions and must be reviewed and approved by the City's Controller.

1.1.5. New Main Library Funding Agreement. The City, acting through its Controller, and the Foundation entered into a Library Funding Agreement dated as of September 1, 1991, as amended by agreements dated as of April 7, 1993 and September 27, 1995 (collectively, the "New Main Funding Agreement"), relating to the construction of the Building. The New Main Funding Agreement sets forth the terms and conditions under which the Foundation gives private funds to the City to pay for certain capital costs in constructing the new Building not funded with City bond moneys. This MOU is not intended to supersede or affect in any way the New Main Funding Agreement.

1.2. Library Approval of Fundraising Campaign Materials. The Foundation shall obtain the City Librarian's prior approval for all of their respective fundraising campaign materials, which (i) provide for any acknowledgments or benefits to be proposed or offered by the Foundation to campaign donors and potential donors which could have any impact on the Building or any other property, programs or activities under the Library Commission's jurisdiction, or (ii) otherwise require the City Librarian's approval under Section 1.5 below. The City Librarian may establish guidelines and procedures relating to approval of such materials and shall not unreasonably withhold or delay his or her approval of such materials.

1.3. Notice to Library of Terms of Gifts. The Foundation shall provide the City with reasonable advance written notice of the terms and condition of any proposed gifts which could impose financial or other obligations or liabilities on the City or the property, programs or activities under the Library Commission's jurisdiction. The Foundation may keep the identity of the donor confidential unless a term or condition of the gift requires any property, programs or activities under the Library Commission's jurisdiction to be named after the donor. At the request of the Foundation, however, the City shall keep the identity and the terms and conditions of such pledges confidential, subject to applicable law. The City agrees that if it receives a public records request with respect to such information, the City shall use its best efforts to provide notice of such request in advance of making a response, and the City shall assert and defend the confidentiality of such information where there is a basis under the public record laws for such action.

1.4. Acceptance of Gifts. The parties acknowledge that any City department's acceptance and expenditure of any gift of private funds must be made by action of the City's Board of Supervisors, pursuant to Section 10.116 of the San Francisco Administrative Code. In advance of the opening of the Building, the City Librarian shall seek Board of Supervisors' approval of an ordinance giving the City Librarian authority to accept all gifts from the Foundation for Library-related purposes throughout the term of the funding assurances provided for hereunder and to agree to any terms and conditions imposed with respect to such gifts, except where such conditions involve the expenditure of City funds or the incidence of City obligations that are inconsistent with the City Charter. The City agrees that all funds received from the

Foundation will be held by the City Controller in accordance with the terms and conditions of lawful restrictions imposed by donors on the use of such funds.

1.5. Privilege to Use Library Membership List; Approval of Mailings to Members. The City grants the Foundation the non-exclusive privilege to use the City's list of members of the San Francisco Public Library solely to solicit donations for the purposes described in Section 1.1 of this MOU. Such privilege shall continue for the full term of the supplemental funding commitment referred to in Section 1.1, provided that the City Librarian may elect to terminate such privilege if he or she determines that the list has been misused in any way. The City Librarian shall use his or her reasonable efforts to provide the Foundation with periodic updates of such list from time to time during the term of the supplemental funding commitment. The City Librarian shall have the right to approve, in advance, all mailings, solicitation letters or other written communications or materials that the Foundation intend to distribute to members of the San Francisco Public Library.

1.6. Fiscal and Budgetary Provisions. All the terms hereof shall be subject to the City Charter's fiscal and budgetary provisions.

1.7. Funding to San Francisco Public Library. For so long as the Foundation occupies space in the Building, the Foundation shall make gifts of funds or assets solely to the San Francisco Public Library and not to any other library.

2. OFFICE LEASE

2.1. Lease of Office Space to the Foundation. The City, acting through the Director of Property, and the Library Foundation shall undertake negotiations to enter into a lease of office space in the Building on the following terms and conditions.

2.1.1. Leased Premises. The leased premises shall consist of approximately 1,260 square feet of space located on the eastern side of Rooms 561 through 564 of Level 5 of the Building, and shown generally on the floor plans attached hereto as Exhibit A.

2.1.2. Term. The term of the lease shall be for an initial term commencing on or about the opening date of the Building and expiring on June 30, 1999. At the expiration of such initial term, the lease may continue on a year-to-year basis. Either party may terminate the lease upon giving the other party not less than 90 days' notice prior to the end of the initial term and each lease year, provided that if neither party gives such notice the lease shall be automatically extended for another year. A lease year shall be based on City's fiscal year.

2.1.3. Rent. The rent payable by the Foundation shall be $1 per year.

2.1.4. Unrestricted Gift. The Foundation shall make an unrestricted gift to the Library in the amount of $21,600 per year. Such gift shall be made to the City in four equal payments of $5,400 on the first day of January, April, July, and October each year during the term of the lease. If the Foundation does not make any such payment, the City shall have the right to terminate the lease.

2.1.5. Use. The Foundation shall use the leased premises for office and administrative purposes related solely to (i) fundraising for the San Francisco Public Library, (ii) the management of private receptions and other events and functions at the Building as further provided in Section 3 of this MOU below, and (iii) such other activities in support of the San Francisco Public Library as are approved by the City Librarian. The leased premises may not be used for any other purpose.

2.1.6. Utilities and Services. The City shall provide, at its cost, basic building utilities and services, including electricity, heating, ventilation, air conditioning, and janitorial services, for the uses permitted under the lease, on the same basis as the rest of the Building. The City shall also provide telephone service for the Library-related uses permitted under the lease.

2.1.7. Tenant Improvements. The parties acknowledge that the office space is being built out by the City with private funds raised by the Foundation. The City shall not be responsible for any costs of installing or constructing any tenant improvements in the leased premises for the Foundation's use. If the Foundation constructs any additional tenant improvements, the Foundation shall comply with all applicable City contracting requirements relating to such construction work. Any alterations or improvements to the leased premises shall be subject to the reasonable approval of the City Librarian and Director of Property and shall become the property of City; provided, however, that no approval shall be required for improvements which cost less than $5,000, do not affect the Building structure or systems, and comply with the City Librarian's guidelines for decor and improvements in the Building.

2.1.8. Repairs and Maintenance. City shall be responsible for repairing and maintaining the structural portions of the Building and the common areas. The Foundation shall be responsible for maintaining the interior of the leased premises, provided that City shall provide basic janitorial services as provided above.

2.1.9. Insurance and Indemnity. The Foundation shall, at its expense, maintain liability coverage and other insurance required by the Director of Property and the City's Risk Manager, in accordance with the City's typical requirements for office tenants. Such insurance shall include (i) Commercial General Liability Insurance with limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Products and Completed Operations; (ii) Business Automobile Liability Insurance with

limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired automobiles, as applicable; and (iii) Worker's Compensation Insurance with Employer's Liability Coverage with limits of not less than $1,000,000 each accident. The general liability and automotive liability policies shall name the City as an additional insured and provide that such insurance is primary to any other coverage. If any of the coverage contains a general aggregate limit that includes legal defense costs, the limits set forth above shall be doubled. The Foundation shall indemnify the City for any and all losses arising out of the Foundation's use of the leased premises, and such indemnity shall not be limited to the amount of its insurance.

2.1.10. Assignment and Subletting. The Foundation may not assign its interest in the lease or sublet the leased premises or any portion thereof.

2.1.11. Possessory Interest Taxes. The Foundation shall acknowledge that its interest under the lease may create a possessory interest subject to property taxation and that it may be subject to the payment of property taxes levied on such interest. The Foundation shall be responsible for such taxes, if any, as are lawfully imposed and if no exemption applies.

2.2. Leases Subject to Board Approval. The transactions contemplated by this MOU with respect to the office lease referred to in this Section shall be subject to approval of the City's Board of Supervisors and Mayor, in their respective sole and absolute discretion.

3. AGREEMENT FOR MANAGEMENT OF SPACE FOR PRIVATE FUNCTIONS AND EVENTS

3.1. Agreement with Foundation for Management of Space in the Building for Private Functions and Events. The City, acting by and through the Director of Property, and the Foundation shall undertake negotiations to enter into a management agreement to provide for the management of meeting rooms, the auditorium and certain other space in the Building for receptions, private functions and other events on the following terms and conditions.

3.1.1. Management of Event Space. The Foundation shall manage the special events space, containing a total of approximately 29,343 square feet, and comprised of the following: (i) the base of the atrium, consisting of approximately 4,275 square feet, (ii) the roof garden consisting of approximately 2, 052 square feet, (iii) the bridge level consisting of approximately 2,400 square feet, the (iv) the communications center, comprised by the auditorium, cafe area and meeting rooms, consisting of approximately 9,694 square feet, (v) the eleven (11) special centers consisting of approximately 8,842 square feet, and (vi) the main atrium gallery, consisting of approximately 2,080 square feet; all as generally shown on the floor plans attached hereto as Exhibit A. In addition,

the City Librarian may approve use of space for special events other than those described above.

3.1.2. Term. The initial term of the agreement shall be for a period of three (3) years commencing on or about the opening date of the Building. The City or the Foundation may terminate the agreement at any time during the three year term or thereafter, without cause and without penalty, upon giving the other party not less than 90 days' advance written notice.

3.1.3. Compensation. In consideration for the management services, the City shall pay the Foundation an annual management fee of $100,000 plus an amount equal to 10% of gross revenues generated by use of the event space during each contract year; provided, however, that the total amount of compensation shall not exceed $200,000. The management fee shall be paid in arrears, on or before the end of each fiscal year of the City. The Foundation shall pass through to the City all revenues generated by use of the event space, provided that out of such revenues the City shall pay the Foundation the management fee, in arrears, as provided above. All revenues generated by use of the event space shall be paid directly to the Library and, except as necessary to pay the management fee, shall not be restricted.

3.1.4. Use. The Foundation shall manage use of the event space only for (i) fundraising events for the San Francisco Public Library, (ii) receptions, private parties and special non-City events, and (iii) lectures, presentations and similar uses of the auditorium for which the Foundation may charge admission fees, which fees shall be payable to the City in accordance with Section 3.1.3.

3.1.4.1. Regular Hours. During regular hours for which the Main Library is open to the public, the Library Department shall have first priority for uses of all of the event space, including uses pursuant to the Library Department's public meeting room policy, as may be amended. The Foundation may use certain but not all of the meeting rooms, special centers and auditorium during regular hours provided that the Foundation schedules such at least 3 months in advance and further provided that there is no conflict with planned Library Department or other City uses. The Library shall have the right to schedule uses of the event space and to displace scheduled Foundation events up to thirty (30) days prior to a scheduled event; provided, however, that the City Librarian shall use reasonable efforts to accommodate the displaced Foundation event in a suitable space elsewhere in the Building. All such events at the Building shall be centrally scheduled through the Office of the Chief of the Main Library. The Foundation must coordinate any regular-hours use with the Library Department in order to assure no interference with public uses of the Building or any City functions. The Library reserves the right to cancel any scheduled use by the Foundation in the event of an emergency.

3.1.4.2.After Hours. The Foundation shall have the exclusive right to manage the use of the event space after the Building's regular hours, beginning one-half hour after the official closing time. The City shall have the right to use the event space after regular hours for City or other governmental uses free of charge or other public functions provided that the City schedules such use at least 3 months in advance and further provided that there is no conflict with uses scheduled or planned by the Foundation. The Foundation shall provide the Office of the Chief of the Main Library with a copy of a schedule of such after hours uses, which the Foundation shall promptly update from time to time as needed. The City Librarian shall receive at least 30 days advance notice of a scheduled event, unless the City Librarian, in his or her discretion, otherwise consents. The schedule shall include a description of the type of function, the space to be used, the identity of the user and the anticipated number of occupants.

3.1.5. Coordination. The City shall have the right to have Library Department representatives and security, janitorial and Building engineering personnel present at any event scheduled by the Foundation in the Building. The Foundation shall be responsible for arranging for any use of the Cafe space with the operator or lessee of the Cafe.

3.1.6. Marketing. All marketing and promotional brochures relating to use of the event space in the Building and other similar materials shall be subject to the reasonable advance approval of the City Librarian.

3.1.7. Assignment and Subcontracting. The Foundation may assign its interest under the agreement or subcontract to a private operator or operators selected through its own request for proposal process, subject to the reasonable approval by the City Librarian and the Director of Property of the proposed assignee or subcontractor and provided that the Foundation shall not be relieved of any of its obligations under the agreement to the City. The City will assist the Foundation, if the Foundation so requests, in the preparation of the RFP. The Foundation shall make a good faith effort to make outreach efforts to minority, women and locally owned businesses in soliciting proposals for an operator. No such assignment or subcontract shall adversely affect the exemption from federal income taxation of the City's general obligation bonds used to finance construction of the Building. Except as provided above, the Foundation shall not assign its interest in the agreement.

3.1.8. Utilities; Janitorial Services; Security

3.1.8.1.Regular Hours. The City shall provide basic building utilities and services, including electricity, heating, ventilation, and air conditioning during regular hours. In addition, the City shall provide necessary Building janitorial services and security during regular hours.

3.1.8.2. After Hours. The City shall provide basic building utilities and services, including electricity, heating, ventilation, and air conditioning after regular hours, as well as appropriate Building engineer staff as reasonably determined by the City Librarian. In addition, the City will provide necessary janitorial services and security for after hours uses.

The Building is not equipped with separate meters and there shall be no obligation on the part of the Foundation or the City to install meters hereunder. The Foundation will be responsible for Additional Expenses, as provided in Section 3.1.9 below.

The Foundation shall be responsible for any additional security costs, as provided in Section 3.1.9 below. The Building contains a state of the art security system and special security center. Access to the special security center by non-City personnel shall be strictly limited and shall be subject to the prior approval of the Building security director. The Building security director may approve and supervise any private security personnel operating in the Building.

3.1.9. Additional Expenses. In addition to a base fee charged for the use of event space, the Foundation shall pass through to event sponsors the cost of any additional expenses in connection with such use ("Additional Expenses"). Such Additional Expenses shall include the cost of any security, janitorial, Building engineering and administrative staff time reasonably determined by the City Librarian to be required for a particular event and the estimated additional utility cost related to such event. The City Librarian, in consultation with the Foundation, shall reasonably determine such costs prior to each event. The Foundation shall be responsible for ensuring that the Library receives the amount of all such Additional Expenses from the event sponsor.

3.1.10. Insurance and Indemnity. The Foundation shall, at its expense, maintain, or cause its operator to maintain, liability coverage and other insurance required by the Director of Property and the City's Risk Manager, in accordance with commercially reasonable requirements for similar uses. Such insurance shall include (i) Commercial General Liability Insurance with limits not less than $5,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Products and Completed Operations, and Liquor Liability; (ii) if the Foundation or its operator operates vehicles in connection with the events management of the Building, Business Automobile Liability Insurance with limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired automobiles, as applicable; and (iii) Worker's Compensation Insurance with Employer's Liability Coverage with limits of not less than $1,000,000 each accident. The City may, through its Risk Manager and upon thirty (30) days prior notice, require additional liability coverage depending on the anticipated occupancy load for any particular event. The general liability and automotive liability policies shall name the City as an additional

insured and provide that such insurance is primary to any other coverage. If any of the coverage contains a general aggregate limit that includes legal defense costs, the limits set forth above shall be doubled. The Foundation shall indemnify the City for any and all losses arising out of the use of the event space under the agreement, excluding claims arising solely from (i) construction and design defects of the Building, or (ii) the City's gross negligence or willful misconduct, and such indemnity shall not be limited to the amount of its insurance. In addition, the Foundation shall cause any operator or subcontractor, as well as any sponsor of a private event in the Building, to indemnify the City and the Foundation for any losses arising out of such use, without regard to insurance limits.

3.1.11. Reports; Books and Records; Audit. The Foundation shall deliver, or cause its operator to deliver, quarterly reports of income and expenses relating to the events management of the Building to the City. The Foundation shall establish and maintain in its office space at the Building proper books, records and systems of account. All such records, including records of the operator, shall be subject to audit and inspection by the City or its agents. On an annual basis, the Foundation shall deliver to City an independently prepared audit of its operations.

3.1.12. Possessory Interest Taxes. The Foundation shall acknowledge, and cause any operators, subcontractors and licensees to acknowledge, that the interest under the agreement may create a possessory interest subject to property taxation and that it may be subject to the payment of property taxes levied on such interest. The Foundation, or the operators, subcontractors and licensees, shall be responsible for such taxes, if any, as are lawfully imposed and if no exemption applies.

3.1.13. Employer Taxes and Liability. Neither the Foundation nor any operator shall under any circumstances be deemed an employee of the City. The Foundation or any such operator shall be responsible for employer taxes and liabilities.

3.2. Agreement Subject to Board Approval. The transactions contemplated by this MOU with respect to the management agreement shall be subject to approval of the City's Board of Supervisors and Mayor, in their respective sole and absolute discretion.

4. RULES AND REGULATIONS

4.1. Compliance with Rules and Regulations. With respect to all of the agreements referred to above for the use of the Building, the Foundation shall agree to comply with all reasonable rules and regulations established by the City Librarian and the Director of Property for the Building.

5. REPRESENTATIONS AND WARRANTIES

5.1. Representations and Warranties of Foundation. The Foundation is a non-profit public benefit corporation duly organized, validly existing and in good standing in the State of California. The Foundation has been organized for the express purpose described in Recital B above and is duly maintained as a 501(c)(3) tax-exempt corporation. The Foundation will provide the City with a copy of any amendments to its articles of incorporation and a new IRS determination letter to broaden its purposes as described in Recital B.

6. NOTICES

6.1. Notices. Unless otherwise expressly provided herein, any notice given under this MOU shall be effective only if in writing and given by delivering the notice in person or by sending it first-class mail or certified mail with a return receipt requested or by Express Mail, return receipt requested, with postage prepaid, as follows:

City:	San Francisco Public Library Civic Center San Francisco, California 94102 Attn.: Kenneth Dowlin, City Librarian Fax: (415) 557-4252
with a copy to:	Real Estate Department 25 Van Ness Ave. San Francisco, California 94102 Attn: Anthony J. DeLucchi, Director of Property Fax: (415) 552-9216
Foundation:	Library Foundation of San Francisco 220 Montgomery Street, Suite 406 San Francisco, California 94194 Attn.: Sherry Thomas, Executive Director Fax: (415) 677-0396
after April 1, 1996:	Library Foundation of San Francisco San Francisco Public Library Civic Center San Francisco, California 94102 Attn.: Sherry Thomas, Executive Director Fax: (415) 677-0396

or to such other address as any party may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Section at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the

date it is made if sent by Express Mail, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given be telefacsimile to the telephone number set forth herein or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile.

7. GENERAL PROVISIONS

7.1. Entire Agreement. This MOU, including the exhibits hereto, which are made a part of this MOU, contains the entire understanding between the parties and supersedes all other oral or written agreements, except for the Funding Agreement.

7.2. Amendments. Neither this MOU nor any term or provisions hereof may be changed or terminated, except by a written instrument signed by the parties hereto.

7.3. Approvals. All City approvals under the agreements contemplated hereby shall be given by the City Librarian except as otherwise specified herein or in the City Charter.

7.4. Conflict of Interest. The Foundation states that it is familiar with provisions of Section 8.105 of the San Francisco Charter and Section 87100 et seq. of the California Government Code and certifies that it does not know of any facts which constitute a violation of such regulations.

7.5. Non-discrimination. The Foundation shall not, nor shall they permit any operator, assignee, subtenant or licensee to, discriminate against any person or group of persons solely because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, gender identity, disability or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC).

7.6. Subject to Charter Limitations. Any obligations of the City pursuant to any of the agreements contemplated herein are subject to the budget and fiscal provisions of the San Francisco Charter.

7.7. Effect. The parties understand and agree that this MOU is not intended to be, and shall not become, contractually binding on the parties, nor is it intended to create any third party beneficiary rights, except as provided in Section 1 above. Subject to the foregoing, no legal obligations among the parties shall exist with regard to the subject matter hereof, unless and until the parties have negotiated and executed final agreements as contemplated hereby and such agreements have been approved the Foundation's board of directors and by the City's Board of Supervisors and Mayor, in accordance with applicable laws.

7.8. Cooperation. Subject to the terms and conditions of this MOU, the Foundation, and the City, acting by and through the City Librarian and Director of Property, shall use their good faith best efforts to do, or cause to be done, all things reasonably necessary or advisable to

carry out the purposes of this MOU and the uses of the Building contemplated hereby as expeditiously as practicable, subject to all applicable approvals.

The parties hereto have executed this MOU on the day first mentioned above.

LIBRARY FOUNDATION OF SAN FRANCISCO,
a California non-profit public benefit corporation

By _____
Its Executive Director

By _____
Its _____

CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO PUBLIC LIBRARY

By _____
KENNETH E. DOWLIN,
City Librarian

APPROVED AS TO FORM:

LOUISE H. RENNE, City Attorney

By _____
Deputy City Attorney

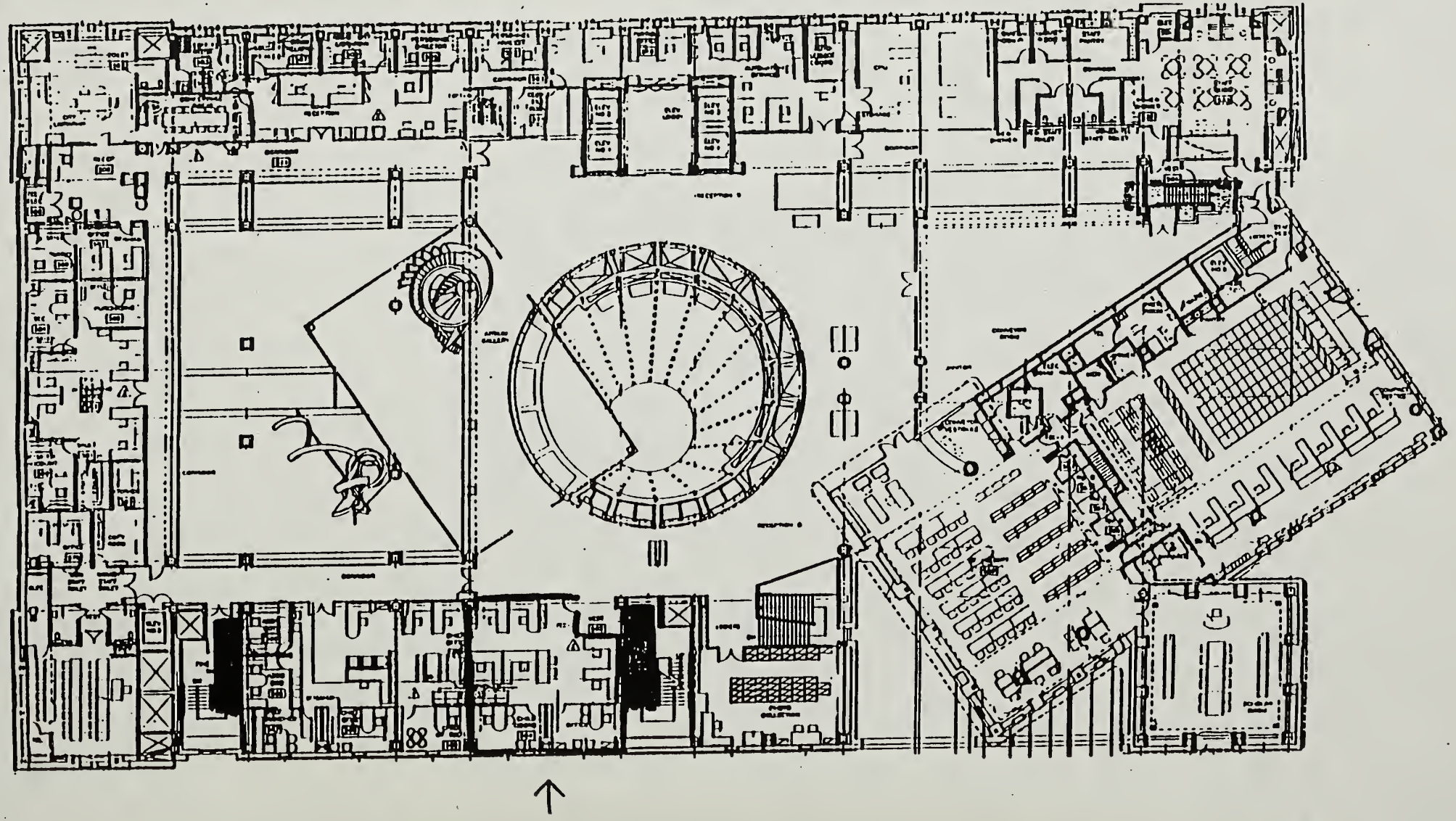
APPROVED:

_____
ANTHONY J. DELUCCHI
Director of Property

_____
EDWARD HARRINGTON
Controller

EXHIBIT A

FLOOR PLANS



THE SAN FRANCISCO NEW MAIN LIBRARY—SIXTH FLOOR/
5th Level